

San Francisco Bay Conservation and Development Commission

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TO: Commissioners and Alternates

FROM: Lawrence J. Goldzband, Executive Director (415/352-3653; larry.goldzband@bcdc.ca.gov)
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SUBJECT: Staff Report and Recommendation to Approve a Contract with the California State Department of General Services to Perform Budget Analysis and Services
(For Commission consideration on October 6, 2016)

Staff Recommendation

The staff recommends that the Commission approve, *ex post facto*, a contract with the California State Department of General Services (DGS) that provides \$37,000 during Fiscal Year 2016-2017 to the DGS Office of Fiscal Services (OFS) in exchange for full-scale budget analysis and support for BCDC in the absence of a BCDC Chief Budget Officer (CBO). OFS offers state agencies complete accounting, budgeting, and financial services; BCDC requires only the budgeting services. Under the contract, OFS will fulfill all Department of Finance budget analysis and preparation requirements and will provide BCDC with monthly budget reports to enable Commission staff to track and manage all aspects of the BCDC budget. In addition to recommending that the Commission approve the contract with DGS *ex post facto*, the staff also recommends that the Commission authorize the Executive Director to amend the contract as long as the amendment does not involve substantial changes in either scope or amount of the contract.

Staff Report

Background. BCDC has been without a CBO since mid-December 2015. BCDC was able to get through the last half of the 2015-2016 Fiscal Year without a budget officer because BCDC recognized that the Commission had necessary cash on hand to avoid a deficiency and, more importantly, because the Department of Finance (DoF) staff performed on BCDC's behalf all the technical budget drills and Governor's Budget preparation exercises during January through

June 2016 that would have been performed by BCDC's Chief Budget Officer. BCDC began to advertise for a new CBO as soon as possible upon knowing of the CBO's intention to leave, and has advertised the position in two separate instances. However, only two of the several applicants (both from the private sector) were qualified to fill the position, and neither accepted the position due to its relatively low salary of just over \$79,000 annually. BCDC's ability to attract qualified personnel for administrative and senior policy positions will continue to diminish due to the combination of relatively low state salaries and the increasing costs associated with living in the Bay Area.

The difficulties caused by BCDC's reliance upon DoF during the first six months of 2016 convinced both BCDC and DoF that the two agencies needed to put into place an alternate system. This recognition was compounded by the large number of DoF technical requirements that BCDC staff could not implement during the first three months of Fiscal Year 2016-2017. After discussions with DoF in late August and early September, it became clear that the only option available to BCDC and DoF was for BCDC to contract with OFS to fulfill DoF's requirements. Given the press of the budget process, the Executive Director decided to execute the contract with OFS on September 12, 2016, in great part to avoid DoF simply "flat lining" BCDC's budget for the upcoming fiscal year.

Unfortunately, executing the contract on September 12, 2016 did not comport with the Commission's meeting schedule. Indeed, the October 6, 2016 Commission meeting is the first meeting after the Executive Director signed the contract that enables BCDC to fulfill the State's noticing requirements. The Executive Director did inform the Chair of the Commission of the need to sign the contract prior to full Commission consideration.

Accordingly, staff recommends that the Commission: (1) approve, *ex post facto*, a contract with DGS to provide \$37,000 during Fiscal Year 2016-2017 for the DGS Office of Fiscal Services (OFS) to provide full-scale budget analysis and support for BCDC in the absence of a BCDC Chief Budget Officer; and (2) authorize the Executive Director to amend the contract, as long as the amendment does not involve substantial changes in either the scope or amount of the contract.